

Mike, who files Form 1040A, will pay estimated taxes this year. His *Estimated Tax Worksheet* is almost complete. Help Mike determine the amount of his estimated tax and of each payment.

Scroll down to next page to complete lines 16 and 17 of Mike's Estimated Tax Worksheet.

Without closing the PDF Window, return to the lesson screen and click Check My Answer.

Instructions for the 2004 Estimated Tax Worksheet

Line 1. Adjusted gross income. Use your 2003 tax return and instructions as a guide to figuring the adjusted gross income you expect in 2004 (but be sure to consider the **Changes Effective for 2004** that begin on page 1). For more details on figuring your adjusted gross income, see **Expected Adjusted Gross Income** in Pub. 505. If you are self-employed, be sure to take into account the deduction for one-half of your self-employment tax.

Line 8. Include on this line the additional taxes from **Form 4972**, Tax on Lump-Sum Distributions, or **Form 8814**, Parents' Election To Report Child's Interest and Dividends. Also include any recapture of education credits.

Line 9. Credits. See the instructions for the 2003 Form 1040, lines 44 through 52, or Form 1040A, lines 29 through 34. However, be sure to see **Certain credits no longer allowed against alternative minimum tax (AMT)** on page 1.

Line 11. Self-employment tax. If you and your spouse make joint estimated tax payments and you both have self-employment income, figure the self-employment tax for each

2004 Estimated Tax Worksheet (keep for your records)

1	Adjusted gross income you expect in 2004 (see instructions above)	1		
2	<ul style="list-style-type: none"> If you plan to itemize deductions, enter the estimated total of your itemized deductions. Caution: If line 1 above is over \$142,700 (\$71,350 if married filing separately), your deduction may be reduced. See Pub. 505 for details. If you do not plan to itemize deductions, enter your standard deduction from page 2. 	2		
3	Subtract line 2 from line 1	3		
4	Exemptions. Multiply \$3,100 by the number of personal exemptions. If you can be claimed as a dependent on another person's 2004 return, your personal exemption is not allowed. Caution: See Pub. 505 to figure the amount to enter if line 1 above is over: \$214,050 if married filing jointly or qualifying widow(er); \$178,350 if head of household; \$142,700 if single; or \$107,025 if married filing separately	4		
5	Subtract line 4 from line 3	5		
6	Tax. Figure your tax on the amount on line 5 by using the 2004 Tax Rate Schedules on page 2. Caution: If you have qualified dividends or a net capital gain, see Pub. 505 to figure the tax.	6		
7	Alternative minimum tax from Form 6251	7		
8	Add lines 6 and 7. Also include any tax from Forms 4972 and 8814 and any recapture of education credits (see instructions above)	8		
9	Credits (see instructions above). Do not include any income tax withholding on this line	9		
10	Subtract line 9 from line 8. If zero or less, enter -0-	10		
11	Self-employment tax (see instructions above). Estimate of 2004 net earnings from self-employment \$.....; if \$87,900 or less , multiply the amount by 15.3%; if more than \$87,900 , multiply the amount by 2.9%, add \$10,899.60 to the result, and enter the total. Caution: If you also have wages subject to social security tax, see Pub. 505 to figure the amount to enter	11		
12	Other taxes (see instructions on page 5)	12		
13a	Add lines 10 through 12	13a		
b	Earned income credit, additional child tax credit, and credits from Form 4136 and Form 8885	13b		
c	Total 2004 estimated tax. Subtract line 13b from line 13a. If zero or less, enter -0- ▶	13c		
14a	Multiply line 13c by 90% (66⅔% for farmers and fishermen)	14a		
b	Enter the tax shown on your 2003 tax return (110% of that amount if you are not a farmer or fisherman and the adjusted gross income shown on line 35 of that return is more than \$150,000 or, if married filing separately for 2004, more than \$75,000)	14b		
c	Required annual payment to avoid a penalty. Enter the smaller of line 14a or 14b ▶ Caution: Generally, if you do not prepay (through income tax withholding and estimated tax payments) at least the amount on line 14c, you may owe a penalty for not paying enough estimated tax. To avoid a penalty, make sure your estimate on line 13c is as accurate as possible. Even if you pay the required annual payment, you may still owe tax when you file your return. If you prefer, you may pay the amount shown on line 13c. For details, see Pub. 505.	14c		
15	Income tax withheld and estimated to be withheld during 2004 (including income tax withholding on pensions, annuities, certain deferred income, etc.)	15		
16	Subtract line 15 from line 14c. (Note: If zero or less or line 13c minus line 15 is less than \$1,000, stop here. You are not required to make estimated tax payments.)	16		
17	If the first payment you are required to make is due April 15, 2004, enter ¼ of line 16 (minus any 2003 overpayment that you are applying to this installment) here, and on your payment voucher(s) if you are paying by check or money order. (Note: Household employers, see instructions on page 5.)	17		